

**Town of Greenwood
Greenwood, Louisiana
Financial Statements with Auditors' Report
As of and For the Year Ended June 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

1/26/11

Town of Greenwood
Greenwood, Louisiana

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1 – 2
Required Supplementary Information: Management's Discussion and Analysis	3 – 9
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets	10
Statement of Activities	11
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Balance Sheet – Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Notes to the Financial Statements	19 – 34
Required Supplementary Information:	
<i>Budgetary Comparison Schedules:</i>	
General Fund	35
Sales Tax Fund	36
Notes to Required Supplementary Information	37

Town of Greenwood
Greenwood, Louisiana

Table of Contents
(Continued)

	<u>Page No.</u>
Other Supplementary Information:	
Schedule of Compensation Paid to Board Members For the Year Ended June 30, 2010	38
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	39-40
Schedules For Louisiana Legislative Auditor	
Summary Schedule of Prior Year Audit Findings	41
Summary Schedule For Current Year Audit Findings	42 – 44

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Honorable David Hanson, Mayor
and Members of the Town Council
Town of Greenwood
Greenwood, Louisiana

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Town of Greenwood, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Greenwood, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Greenwood, Louisiana, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2011, on our consideration of the Town of Greenwood, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 35 through 37, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively compromise the Town of Greenwood, Louisiana's basic financial statements. The accompanying financial information listed as other supplementary information in the table of contents and shown on pages 38 through 39 is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Greenwood. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a stylized flourish extending from the end.

Cook & Morehart
Certified Public Accountants
January 14, 2011

TOWN OF GREENWOOD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Greenwood's financial performance provides an overview of the Town of Greenwood's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the Town's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- The Town of Greenwood's net assets of our governmental activities decreased by \$466,264 or 15%.
- The Town of Greenwood's net assets of our business-type activities increased by \$391,378 or 13%.
- In the Town's governmental activities, total general and program revenues were \$1,465,625 in 2010 compared to \$1,576,337 in 2009. Total expenses, excluding depreciation, totaled \$1,179,978 for the year ended June 30, 2009 compared to \$1,267,942 for 2010.
- In the Town's business-type activities, revenues remained consistent with 2009 while expenses decreased by \$95,714.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 10 and 11) provide information about the activities of the Town of Greenwood as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town of Greenwood's operations in more detail than the government-wide statements by providing information about the Town of Greenwood's most significant funds.

Reporting the Town of Greenwood as a Whole

Our analysis of the Town of Greenwood as a whole begins on page 10. One of the most important questions asked about the Town of Greenwood's finances is "Is the Town of Greenwood as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the funds maintained by the Town of Greenwood as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town of Greenwood's *net assets* and changes in them. You can think of the Town of Greenwood's net assets – the difference between assets and liabilities – as one way to measure the Town of Greenwood's financial health, or *financial position*. Over time, *increases* or *decreases* in the Town of Greenwood's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base, to assess the overall health of the Town.

In the Statement of Net Assets and the Statement of Activities, we divide the Town into two kinds of activities:

Governmental activities – Most of the Town's basic services are reported here, including the police, public works, and general administration. Property taxes, franchise fees, sales taxes, and police department fines, and various other revenues finance most of these activities.

Business-type activities – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system are reported here.

Reporting the Town's Most Significant Funds

Our analysis of the major funds maintained by the Town of Greenwood begins on page 12. The fund financial statements begin on page 12 and provide detailed information about the most significant funds maintained by the Town of Greenwood – not the Town of Greenwood as a whole. The Town of Greenwood's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

Governmental funds – Most of the Town of Greenwood's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town of Greenwood's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Town of Greenwood expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE TOWN OF GREENWOOD AS A WHOLE

The Town of Greenwood's combined net assets changed from a year ago, decreasing from \$6,125,330 to \$6,050,444. A comparative analysis of the funds maintained by the Town of Greenwood is presented below.

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$1,976,577	\$2,362,670	\$ 751,753	\$ 695,882	\$2,728,330	\$ 3,058,552
Capital assets	<u>892,281</u>	<u>921,680</u>	<u>4,414,705</u>	<u>4,668,284</u>	<u>5,306,986</u>	<u>5,589,964</u>
Total assets	<u>2,868,858</u>	<u>3,284,350</u>	<u>5,166,458</u>	<u>5,364,166</u>	<u>8,035,316</u>	<u>8,648,516</u>
Current liabilities	113,879	53,920	585,448	797,534	699,327	851,454
Long-term liabilities	<u>15,545</u>	<u>24,732</u>	<u>1,270,000</u>	<u>1,647,000</u>	<u>1,285,545</u>	<u>1,671,732</u>
Total liabilities	<u>129,424</u>	<u>78,652</u>	<u>1,855,448</u>	<u>2,444,534</u>	<u>1,984,872</u>	<u>2,523,186</u>
Net assets:						
Investments in capital assets, net of related debt	892,281	921,680	2,767,704	2,555,284	3,659,985	3,476,964
Restricted	—	—	180,703	128,287	180,703	128,287
Unrestricted	<u>1,847,153</u>	<u>2,284,018</u>	<u>362,603</u>	<u>236,061</u>	<u>2,209,756</u>	<u>2,520,079</u>
Total net assets	<u>\$2,739,434</u>	<u>\$3,205,698</u>	<u>\$3,311,010</u>	<u>\$2,919,632</u>	<u>\$6,050,444</u>	<u>\$ 6,125,330</u>

Net assets of the Town of Greenwood's governmental activities decreased by \$466,264 or 15 %. Net assets of the Town of Greenwood's business-type activities increased by \$391,378 or 13 %.

Table 2
Change in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues						
Program revenues						
Charges for services	\$ 362,389	\$ 351,178	\$1,192,370	\$1,217,800	\$ 1,554,759	\$ 1,568,978
Operating grants and contributions	4,205	4,538	20,687	—	24,892	4,538
Capital grants and contributions	18,450	—	—	544,831	18,450	544,831
General revenues						
Ad valorem taxes	203,287	209,139	—	—	203,287	209,139
Sales taxes	382,962	387,402	—	—	382,962	387,402
Franchise taxes	76,434	80,706	—	—	76,434	80,706
Licenses and permits	136,003	129,898	—	—	136,003	129,898
Gaming taxes	239,347	345,349	—	—	239,347	345,349
Investment earnings	11,966	45,832	5,790	4,229	17,756	50,061
Miscellaneous	30,582	22,295	—	—	30,582	22,295
Total revenues	<u>1,465,625</u>	<u>1,576,337</u>	<u>1,218,847</u>	<u>1,766,860</u>	<u>2,684,472</u>	<u>3,343,197</u>
Expenses						
General government	627,809	567,744	—	—	627,809	567,744
Public safety	738,532	711,890	—	—	738,532	711,890
Water	—	—	942,077	1,062,741	942,077	1,062,741
Sewer	—	—	450,940	425,990	450,940	425,990
Total expenses	<u>1,366,341</u>	<u>1,279,634</u>	<u>1,393,017</u>	<u>1,488,731</u>	<u>2,759,358</u>	<u>2,768,365</u>
Transfers	<u>(565,548)</u>	<u>(526,327)</u>	<u>565,548</u>	<u>526,327</u>	<u>—</u>	<u>—</u>
Increases (decreases) in net assets	<u><u>\$(466,264)</u></u>	<u><u>\$(229,624)</u></u>	<u><u>\$ 391,378</u></u>	<u><u>\$ 804,456</u></u>	<u><u>\$(74,886)</u></u>	<u><u>\$ 574,832</u></u>

The Town's total revenues decreased by 19% or \$658,725. The total cost of all programs and services decreased .32% or \$9,007. Our analysis below separately considers the operations of the governmental and business-type activities.

Governmental Activities

Total revenues for the governmental activities decreased \$110,712 from total revenues in the year ended June 30, 2009 of \$1,576,337 to total revenues of \$1,465,625 in the year ended June 30, 2010.

The cost of all governmental activities this year was \$1,366,341. These costs were covered by \$385,044 of program revenues, with the remaining costs covered by property taxes, sales taxes, and other general revenues.

Business-type Activities

Total revenues for the business-type activities decreased \$548,013 or 31% from total revenues in the year ended June 30, 2009 of \$1,766,860 to total revenues of \$1,218,847 in the year ended June 30, 2010.

The cost of all business-type activities this year was \$1,393,017. These costs were covered by \$1,213,057 of program revenues, consisting of charges for services assessed to users, capital grants, and transfers from governmental activities.

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a *combined* fund balance of \$1,820,573, which is lower than last year's fund balance of \$2,264,773. The primary reason for the decrease is a transfer of funds to the business-type activities.

General Fund Budgetary Highlights

The Town adopted a budget for its General Fund for the year ended June 30, 2010. There was one amendment to the budget during the year. The Town's budgetary comparison is presented as required supplementary information and shown on page 35. Highlights for the year are as follows:

- Of the \$235,000 budgeted for Capital Outlay, only \$68,999 was spent.
- Deficiency of revenues over expenditures for year ended June 30, 2010 was \$269,501.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2010 and 2009, the Town of Greenwood had invested \$5,306,986 and \$5,589,964, respectively in capital assets. (see table 3 below)

Table 3
Capital Assets At Year End
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 227,359	\$ 227,359	\$ 178,658	\$ 178,658	\$ 406,017	\$ 406,017
Construction in progress	15,150	—	149,972	695,814	165,122	695,814
Buildings and improvements	529,328	540,964	497,389	—	1,026,717	540,964
Playground – park	—	629	—	—	—	629
Furniture and equipment	79,131	92,704	7,289	9,357	86,420	102,061
Vehicles	41,313	60,024	42,384	57,262	83,697	117,286
Sewer system	—	—	594,607	568,635	594,607	568,635
Water system	—	—	2,944,406	3,158,558	2,944,406	3,158,558
Total assets (net)	<u>\$ 892,281</u>	<u>\$ 921,680</u>	<u>\$4,414,705</u>	<u>\$4,668,284</u>	<u>\$5,306,986</u>	<u>\$5,589,964</u>

This year's major additions included:

Water and sewer system	\$ —	\$ —	\$ 124,664	\$ 143,901	\$ 124,664	\$ 143,901
Construction in progress	15,150	—	86,984	575,545	102,134	575,545
Buildings and improvements	23,384	20,909	522,563	—	545,947	20,958
Vehicles and equipment	30,465	—	—	—	30,465	—
Furniture and Equipment	—	11,445	—	—	—	26,173
Total	<u>\$ 68,999</u>	<u>\$ 32,354</u>	<u>\$ 734,211</u>	<u>\$ 719,446</u>	<u>\$ 803,210</u>	<u>\$ 766,577</u>

More detailed information about the capital assets are presented in Note 6 to the financial statements.

Debt

At year-end, the Town had \$1,647,000 in bonds and notes outstanding, versus \$2,113,000 last year – a decrease of 22%.

Table 4
Outstanding Debt At Year End

	<u>Business-type Activities</u>	
	<u>2010</u>	<u>2009</u>
Sewer revenue		
refunding bonds	\$ 661,000	\$ 830,000
Water revenue bonds	<u>986,000</u>	<u>1,283,000</u>
Totals	<u>\$1,647,000</u>	<u>\$2,113,000</u>

State law restricts the amount of debt that the Town of Greenwood may issue. The aggregate principal amount of debt may not exceed 10% of the assessed valuation for property tax purposes of all real and personal property located within the parish. The Town of Greenwood's total debt outstanding at year-end was well below this limitation.

More detailed information about the debt are presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Town of Greenwood's management considered many factors when setting a fiscal year June 30, 2011 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same.

Expenditures for 2011 are expected to remain substantially the same.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Town of Greenwood and to show the Town of Greenwood's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor at P.O. Box 195, Greenwood, LA 71033.

Town of Greenwood
Greenwood, Louisiana
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,303,577	\$ 102,796	\$ 1,406,373
Investments	508,591		508,591
Receivables	122,284	247,074	369,358
Prepaid expenses	42,125	34,942	77,067
Bond issuance costs		10,816	10,816
Other		28,005	28,005
Restricted assets:			
Cash and cash equivalents		328,120	328,120
Capital assets not being depreciated	242,509	328,630	571,139
Depreciable capital assets, net	649,772	4,086,075	4,735,847
Total assets	<u>2,868,858</u>	<u>5,166,458</u>	<u>8,035,316</u>
Liabilities			
Accounts payable and accrued expenses	113,879	42,018	155,897
Payable from restricted assets:			
Long-term debt due within one year		377,000	377,000
Accrued interest		24,217	24,217
Customer deposits		142,213	142,213
Non-current liabilities:			
Due within one year	15,545		15,545
Due in more than one year		1,270,000	1,270,000
Total liabilities	<u>129,424</u>	<u>1,855,448</u>	<u>1,984,872</u>
Net Assets			
Invested in capital assets, net of related debt	892,281	2,767,704	3,659,985
Restricted for:			
Debt Service		180,703	180,703
Unrestricted	1,847,153	382,603	2,209,756
Total net assets	<u>\$ 2,739,434</u>	<u>\$ 3,311,010</u>	<u>\$ 6,050,444</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Statement of Activities
For the Year Ended June 30, 2010

Functions / Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities						Total
General government	\$ 627,809	\$	\$ 4,205	\$ 18,450	\$ (605,154)	\$ (605,154)
Public safety	738,532	362,389			(376,143)	(376,143)
Total governmental activities	1,366,341	362,389	4,205	18,450	(981,297)	(981,297)
Business-type Activities						
Water	942,077	836,553	20,887	-	(84,837)	(84,837)
Sewer	450,940	355,817		-	(95,123)	(95,123)
Total business-type activities	1,393,017	1,192,370	20,887	-	(179,960)	(179,960)
Total Government	\$ 2,759,358	\$ 1,554,759	\$ 24,892	\$ 18,450	(981,297)	(1,161,257)
General revenues:						
Ad valorem taxes					203,287	203,287
Sales taxes					382,962	382,962
Franchise taxes					76,434	76,434
Licenses and permits					138,003	138,003
Gaming taxes					239,347	239,347
Investment earnings					11,966	5,790
Miscellaneous					30,582	17,756
Transfers					(565,548)	30,582
Total general revenues and transfers					515,033	565,548
					571,338	1,086,371
Change in net assets					(468,284)	391,378
Net assets - beginning					3,205,698	2,819,632
Net assets - ending					\$ 2,739,434	\$ 3,311,010
						\$ 6,050,444

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Balance Sheet
Governmental Funds
June 30, 2010

	<u>Major Funds</u>		<u>Total</u>
	<u>General</u>	<u>Sales Tax</u>	<u>Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 1,267,953	\$ 35,624	\$ 1,303,577
Investments		508,591	508,591
Receivables	86,138	36,146	122,284
Total assets	<u>\$ 1,354,091</u>	<u>\$ 580,361</u>	<u>\$ 1,934,452</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued expenses	\$ 113,879	\$	\$ 113,879
Total liabilities	<u>113,879</u>		<u>113,879</u>
Fund balances:			
Unreserved	1,240,212	580,361	1,820,573
Total fund balances	<u>1,240,212</u>	<u>580,361</u>	<u>1,820,573</u>
Total liabilities and fund balances	<u>\$ 1,354,091</u>	<u>\$ 580,361</u>	<u>\$ 1,934,452</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2010

Fund balances - total governmental funds	\$ 1,820,573
 Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	892,281
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	42,125
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(15,545)
Net assets of governmental activities	<u>\$ 2,739,434</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	Major Funds		Total Governmental Funds
	General	Sales Tax	
Revenues:			
Ad valorem taxes	\$ 203,287	\$	\$ 203,287
Sales tax		382,962	382,962
Franchise taxes	76,434		76,434
Licenses and permits	136,003		136,003
Gaming taxes	239,347		239,347
Intergovernmental revenues	22,655		22,655
Fines and forfeitures	362,389		362,389
Investment earnings	7,243	4,723	11,966
Miscellaneous	30,582		30,582
Total revenues	<u>1,077,940</u>	<u>387,685</u>	<u>1,465,625</u>
Expenditures:			
Current:			
General government	528,205	4,696	532,901
Public safety	742,377		742,377
Capital outlay	68,999		68,999
Total expenditures	<u>1,339,581</u>	<u>4,696</u>	<u>1,344,277</u>
Excess (deficiency) of revenues over expenditures	(261,641)	382,989	121,348
Other financing sources (uses):			
Transfers in	545,463		545,463
Transfers out	(525,838)	(585,173)	(1,111,011)
Total other financing sources (uses)	<u>19,625</u>	<u>(585,173)</u>	<u>(565,548)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(242,016)	(202,184)	(444,200)
Fund balances at beginning of year	<u>1,482,228</u>	<u>782,545</u>	<u>2,264,773</u>
Fund balances at end of year	<u>\$ 1,240,212</u>	<u>\$ 580,361</u>	<u>\$ 1,820,573</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2010

Net change in fund balances - total governmental funds	\$	(444,200)
--	----	-----------

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$98,399) exceeded capital outlays (\$68,999) in the current period.		(29,400)
--	--	----------

The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.		(1,851)
--	--	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		9,187
--	--	-------

Change in net assets of governmental activities	\$	<u>(466,264)</u>
---	----	------------------

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Balance Sheet
Proprietary Funds
June 30, 2010

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 77,948	\$ 24,848	\$ 102,796
Receivables-			
Accounts	128,213	47,050	173,263
Other	55,202	18,609	73,811
Prepaid insurance	27,525	7,417	34,942
Bond issuance costs		10,816	10,816
Other	15,912	12,093	28,005
Total current assets	<u>302,800</u>	<u>120,833</u>	<u>423,633</u>
Noncurrent assets:			
Restricted cash and cash equivalents	259,095	69,025	328,120
Capital assets:			
Land	36,223	142,435	178,658
Plant and equipment	5,997,293	4,017,634	10,014,927
Less: accumulated depreciation	(2,842,419)	(3,136,481)	(5,778,880)
Total noncurrent assets	<u>3,650,192</u>	<u>1,082,633</u>	<u>4,742,825</u>
Total assets	<u>\$ 3,952,992</u>	<u>\$ 1,213,466</u>	<u>\$ 5,166,458</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 21,311	\$ 1,474	\$ 22,785
Accrued expenses	8,746	10,487	19,233
Payable from restricted assets:			
Revenue bonds	313,000	64,000	377,000
Accrued interest	13,311	10,906	24,217
Customer deposits	95,886	46,327	142,213
Total current liabilities	<u>452,254</u>	<u>133,194</u>	<u>585,448</u>
Noncurrent liabilities:			
Revenue bonds	673,000	597,000	1,270,000
Total noncurrent liabilities	<u>673,000</u>	<u>597,000</u>	<u>1,270,000</u>
Total liabilities	<u>1,125,254</u>	<u>730,194</u>	<u>1,855,448</u>
Net assets			
Invested in capital assets, net of related debt	2,405,096	362,608	2,767,704
Restricted for debt service	159,173	21,530	180,703
Unrestricted	263,469	99,134	362,603
Total net assets	<u>2,827,738</u>	<u>483,272</u>	<u>3,311,010</u>
Total liabilities and net assets	<u>\$ 3,952,992</u>	<u>\$ 1,213,466</u>	<u>\$ 5,166,458</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Operating revenues:			
Charges for service -			
Water sales	\$ 798,364	\$	\$ 798,364
Sewerage service charges		345,835	345,835
Other charges and fees	38,189	9,982	48,171
Total operating revenues	<u>836,553</u>	<u>355,817</u>	<u>1,192,370</u>
Operating expenses:			
Salaries	187,241	106,255	293,496
Payroll taxes	15,098	8,874	23,972
Legal and accounting	8,859	10,858	17,717
Insurance	95,897	28,771	124,458
Testing	75	3,462	3,537
Maintenance and repairs	92,879	54,513	147,392
Miscellaneous expenses	27,513	8,028	35,541
Office expense	36,505	9,294	45,799
Material and supplies	121,848	31,031	152,879
Utilities	43,668	32,527	76,195
Meter reading expense	40,193		40,193
Lift station expense		16,343	16,343
Depreciation	242,875	112,088	354,963
Total operating expenses	<u>910,441</u>	<u>422,044</u>	<u>1,332,485</u>
Operating income (loss)	<u>(73,888)</u>	<u>(66,227)</u>	<u>(140,115)</u>
Non-operating revenues (expenses):			
Interest income	4,192	1,598	5,790
Interest expense	(31,636)	(28,886)	(60,532)
Total non-operating revenues (expenses)	<u>(27,444)</u>	<u>(27,298)</u>	<u>(54,742)</u>
Net income (loss) before contributions and transfers	(101,332)	(93,525)	(194,857)
Capital contributions	20,687		20,687
Transfers In	472,166	121,843	594,009
Transfers Out	(21,894)	(6,587)	(28,481)
Total other financing sources (uses)	<u>470,959</u>	<u>115,276</u>	<u>586,235</u>
Change in net assets	369,627	21,751	391,378
Net assets - beginning of year	<u>2,458,111</u>	<u>461,521</u>	<u>2,919,632</u>
Net assets - end of year	<u>\$ 2,827,738</u>	<u>\$ 483,272</u>	<u>\$ 3,311,010</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Water	Sewer	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 808,293	\$ 347,569	\$ 1,155,862
Cash payments to suppliers for goods and services	(389,159)	(187,886)	(578,845)
Cash payments to employees for services	(274,085)	(141,570)	(415,655)
Other receipts (payments)	1,199	1,160	2,359
Net Cash From Operating Activities	<u>146,248</u>	<u>19,473</u>	<u>165,721</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from other funds	450,272	115,276	565,548
Net Cash from Noncapital Financing Activities	<u>450,272</u>	<u>115,276</u>	<u>565,548</u>
Cash Flows From Capital and Related Financing Activities			
Capital contributions	20,687		20,687
Acquisition/construction of capital assets	(81,984)	(19,400)	(101,384)
Principal paid on capital debt	(297,000)	(169,000)	(466,000)
Interest paid on capital debt	(41,206)	(47,480)	(88,686)
Net Cash (Used) by Capital and Related Financing Activities	<u>(399,503)</u>	<u>(235,880)</u>	<u>(635,383)</u>
Cash Flow From Investing Activities			
Interest income	4,192	1,598	5,790
Net Cash From Investing Activities	<u>4,192</u>	<u>1,598</u>	<u>5,790</u>
Net increase (decrease) in cash and cash equivalents	201,209	(99,533)	101,676
Cash, Beginning of year	<u>135,634</u>	<u>183,406</u>	<u>329,240</u>
Cash, End of year	<u>\$ 337,043</u>	<u>\$ 93,873</u>	<u>\$ 430,916</u>
Reconciliation of Operating Loss to Net Cash Provided			
By/(Used In) Operating Activities			
Operating income (loss)	\$ (73,868)	\$ (66,227)	\$ (140,115)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation expense	242,875	112,088	354,963
Accounts receivable	(9,038)	35,419	26,381
Due from/to other funds	35,513	21,322	56,835
Prepaid expenses	1,222	(664)	558
Other assets	(15,102)	(12,051)	(27,153)
Accounts payable	(26,921)	(66,036)	(92,957)
Accrued expenses	(10,272)	(4,140)	(14,412)
Customer deposits	1,858	(238)	1,621
Net Cash Flows From Operating Activities	<u>\$ 146,248</u>	<u>\$ 19,473</u>	<u>\$ 165,721</u>

See accompanying notes to the basic financial statements.

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2010

INTRODUCTION

The Town of Greenwood is incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor–Board of Aldermen form of government.

(1) Summary of Significant Accounting Policies

The Town of Greenwood's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town of Greenwood are discussed below.

A. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Greenwood is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town of Greenwood), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the Town of Greenwood are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14, as amended by GASB Statement No. 39, established criteria for determining which component units should be considered part of the Town of Greenwood for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

In addition, the GASB 39 states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2010
(Continued)

2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government.

Based on the criteria described above, there are no component units to be included as part of the reporting entity.

B. Basic Financial Statements – Government-Wide Statements

The Town of Greenwood's basic financial statements include both government-wide (reporting the funds maintained by the Town of Greenwood as a whole) and fund financial statements (reporting the Town of Greenwood's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's sales tax fund and general fund are classified as governmental activities. The Town's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Town of Greenwood's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town of Greenwood's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants.

Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations of providing water and sewer services.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2010
(Continued)

The net costs (by function) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Town of Greenwood as an entity and the change in the Town of Greenwood's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town of Greenwood are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town of Greenwood:

- 1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town of Greenwood:*
 - a. General fund is the general operating fund of the Town of Greenwood. It is used to account for all financial resources except those required to be accounted for in another fund.*
 - b. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.*
- 2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town of Greenwood:*
 - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.*

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2010
(Continued)

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

Sales Tax Fund – accounts for the proceeds of sales taxes levied for fire department maintenance, maintenance of streets, capital construction, and other general purposes of the Town.

Water Fund – accounts for the provision of water services of the Town.

Sewer Fund – accounts for the provision of sewer services of the Town.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Budgets

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2010
(Continued)

3. A public hearing is held on the proposed budget after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a cash basis. Budgeted amounts in the accompanying statements are as originally adopted, or as amended by the Board of Aldermen. There was one amendment to the budget during the year.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10-30 years
Furniture and equipment	5-20 years
Vehicles	5-10 years
Playground – park	10 years
Water and sewer systems	5-40 years

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2010
(Continued)

GASBS No. 34 requires the Town to report and depreciate new infrastructure assets effective July 1, 2003. Infrastructure assets include roads, bridges, traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required.

H. Revenues

Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. State law requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Town is entitled to the funds.

I. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

J. Sales Taxes

The Town collects a 1% sales and use tax. After paying reasonable and necessary costs and expenses of collecting and administering the tax, the tax is to be dedicated and used exclusively for the following purposes: general fund and sewerage fund land acquisitions; general fund and sewerage fund capital expenditures; sewerage fund for additions, improvements, and extensions of the sewerage system and general fund for operations.

K. Compensated Absences

The Town's policy allows annual leave based upon years of service. Employees can carry over accumulated annual leave from one anniversary date to another. Employees will receive pay in lieu of unused annual leave.

The Town's policy allows sick leave based upon time worked. Employees may carryover unused sick leave, but will not be paid for unused sick leave upon separation from employment.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2010
(Continued)

L. Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

M. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Bad Debts

Uncollectible amounts due for ad valorem taxes, customer's utility receivables, and special assessments are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Accounts receivable for the water and sewer funds are shown net of an allowance of \$17,956 and \$6,983, respectively.

P. Capitalized Interest

The Town capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.

Q. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Water and Sewer Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2010
(Continued)

R. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

(2) Ad Valorem Taxes

The following is a summary of authorized and levied ad valorem taxes for the year:

	Authorized Millage	Levied Millage	Expiration Date
General Fund	9.91	9.91	Statutory

(3) Cash, Cash Equivalents, and Investments

A. Cash and Cash Equivalents

At June 30, 2010, the Town has cash and cash equivalents (book balances) totaling \$1,734,493 of which \$328,120 is shown as a restricted asset. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Investments

At June 30, 2010, the Town has investments totaling \$508,591, consisting of certificates of deposit. The certificates of deposit have initial maturities greater than 90 days and are carried at cost, which approximates market.

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a policy for custodial credit risk. As of June 30, 2010, \$1,666,895 of the Town's bank balance were exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's
trust department not in Town's name:

Cash and cash equivalents	\$ 1,475,883
Investments	<u>191,012</u>
	<u>\$ 1,666,895</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2010
(Continued)

(4) Receivables

The following is a summary of receivables at June 30, 2010:

<u>Class of Receivable</u>	
Governmental activities –	
Sales taxes	\$ 36,146
Gaming taxes	<u>86,138</u>
Total governmental activities	<u>\$ 122,284</u>
Business-type activities –	
Accounts receivable – water and sewer charges	\$ 173,263
Other	<u>73,811</u>
Total business-type activities	<u>\$ 247,074</u>

(5) Restricted Assets – Proprietary Fund Type

Restricted assets were applicable to the following at June 30, 2010:

	<u>Enterprise Fund</u>
Cash:	
Customer deposits	\$ 147,417
Contingency funds – revenue bonds	12,487
Sinking funds – revenue bonds	<u>168,216</u>
	<u>\$ 328,120</u>

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2010
(Continued)

(6) Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance at July 1, 2009	Additions & Transfers	Deletions & Transfers	Balance at June 30, 2010
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 227,359	\$ -	\$ -	\$ 227,359
Construction in progress	-	15,150	-	15,150
Total assets, not being depreciated	<u>227,359</u>	<u>15,150</u>	<u>-</u>	<u>242,509</u>
Capital assets, being depreciated:				
Buildings and improvements	809,513	23,384	-	832,897
Furniture and equipment	182,551	-	-	182,551
Vehicles	228,044	30,465	(20,502)	238,007
Playground - park	<u>63,355</u>	<u>-</u>	<u>-</u>	<u>63,355</u>
Total capital assets, being depreciated, at historical cost	<u>1,283,463</u>	<u>53,849</u>	<u>(20,502)</u>	<u>1,316,810</u>
Less accumulated depreciation:				
Buildings and improvements	(268,548)	(35,020)	-	(303,569)
Furniture and equipment	(89,847)	(13,573)	-	(103,420)
Vehicles	(168,020)	(49,175)	20,502	(196,693)
Playground - park	<u>(62,728)</u>	<u>(630)</u>	<u>-</u>	<u>(63,356)</u>
Total accumulated depreciation	<u>(589,142)</u>	<u>(98,398)</u>	<u>20,502</u>	<u>(667,038)</u>
Total capital assets, being depreciated, net	<u>694,321</u>	<u>(44,549)</u>	<u>-</u>	<u>649,772</u>
Governmental activities capital assets, net	<u>\$ 921,680</u>	<u>\$(29,399)</u>	<u>\$ -</u>	<u>\$ 892,281</u>

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2010
(Continued)

	Balance at July 1, 2009	Additions & Transfers	Deletions & Transfers	Balance at June 30, 2010
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 178,658	\$ —	\$ —	\$ 178,658
Construction in progress	695,814	86,984	(632,826)	149,972
Total assets, not being depreciated	<u>874,472</u>	<u>86,984</u>	<u>(632,826)</u>	<u>328,630</u>
Capital assets, being depreciated:				
Sewer system	3,593,008	124,684	—	3,717,672
Water system	5,325,362	—	—	5,325,362
Furniture and equipment	145,059	—	—	145,059
Buildings	—	522,563	—	522,563
Vehicles	154,299	—	—	154,299
Total capital assets, being depreciated, at historical cost	<u>9,217,728</u>	<u>647,227</u>	<u>—</u>	<u>9,864,955</u>
Less accumulated depreciation:				
Sewer system	(3,024,373)	(98,692)	—	(3,123,065)
Water system	(2,166,804)	(214,152)	—	(2,380,956)
Furniture and equipment	(135,702)	(2,068)	—	(137,770)
Buildings	—	(25,174)	—	(25,174)
Vehicles	(97,037)	(14,878)	—	(111,915)
Total accumulated depreciation	<u>(5,423,916)</u>	<u>(354,964)</u>	<u>—</u>	<u>(5,778,880)</u>
Total capital assets, being depreciated, net	<u>3,793,812</u>	<u>292,263</u>	<u>—</u>	<u>4,086,075</u>
Business-type activities capital assets, net	<u>\$ 4,668,284</u>	<u>\$ 379,247</u>	<u>\$ (632,826)</u>	<u>\$ 4,414,705</u>

Depreciation expense was charged to Governmental and Business-type Activities as follows:

	Governmental Activities	Business-type Activities	Total
Public safety	\$ 45,301	\$ —	\$ 45,301
General government	53,098	—	53,098
Water	—	242,876	242,876
Sewer	—	112,088	112,088
Total	<u>\$ 98,399</u>	<u>\$ 354,964</u>	<u>\$ 453,363</u>

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2010
(Continued)

(7) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2010 consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 58,619	\$ 22,785	\$ 81,404
Compensated absences	3,529	11,499	15,028
Salaries and benefits	51,731	7,734	59,465
Total	<u>\$ 113,879</u>	<u>\$ 42,018</u>	<u>\$ 155,897</u>

(8) Customers' Deposits

Deposits held for customers that are currently active on the water and sewer systems total \$142,213 at June 30, 2010.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2010
(Continued)

(9) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 28,557	\$ 9,714	\$(19,197)	\$ 19,074	\$ 19,074
Less amounts due within period of availability – recorded in accounts payable				(3,529)	(3,529)
Total long-term liabilities, governmental activities				\$ 15,545	\$ 15,545
Business-type Activities:					
Sewer Revenue Refunding Bonds, Series 1999	\$ 830,000	\$ –	\$(830,000)	\$ –	\$ –
Sewer Revenue Refunding Bonds, Series 2009	–	701,000	(40,000)	661,000	64,000
Water Revenue Bonds, Series 2002	1,283,000	–	(297,000)	986,000	313,000
Total Business-type Activities	\$ 2,113,000	\$ 701,000	\$(1,167,000)	\$ 1,647,000	\$ 377,000
Sewer revenue refunding bonds:					
\$1,300,000 dated 6/14/99, refinanced on 7/23/09.					
Payments of interest only semiannual and principal					
and interest payments annual. Annual debt service					
of approximately \$90,000. Interest rate of 3.96%.					
Final payment February 1, 2019				\$	661,000
Water revenue bonds:					
\$2,565,000 Refunding Bonds Series 2002 dated					
August 22, 2002. Payments of interest only semiannual					
and principal and interest annual. Annual debt service of					
approximately \$345,000. Interest rate of 3.24%. Final					
payment August 1, 2012					986,000
Total revenue bonds payable				\$	1,647,000

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2010
(Continued)

Payments on sewer revenue refunding bonds are made from the sewer fund. Payments on the water revenue bonds are made from the water fund. Total interest expense incurred during the year ended June 30, 2010 was \$59,779.

The Town refinanced the Sewer and Water bonds in July 2009. The interest rate for the Sewer revenue refunding bonds changed to 3.96% from 5.40%. The interest rate for the Water revenue bonds changed to 3.24% from 4.28%. The date of the final payment remained unchanged. The debt service requirements shown below reflect the maturities of the refinanced bonds.

Business-Type Activities – Sewer Revenue Refunding Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 64,000	\$ 28,176
2012	66,000	23,841
2013	67,000	21,028
2014	70,000	18,374
2015	74,000	15,602
2016-2020	320,000	32,195
	<u>\$ 661,000</u>	<u>\$ 137,016</u>

Business-Type Activities – Water Revenue Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 313,000	\$ 26,876
2012	328,000	16,491
2013	345,000	5,589
	<u>\$ 986,000</u>	<u>\$ 48,956</u>

(10) Risk Management

The Town purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the previous year.

(11) Operating Leases

The Town leased a storage building and some equipment under operating leases. The rental costs paid on these leases for the year ended June 30, 2010 were \$2,580. There are no commitments under lease agreements having lease terms in excess of one year.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2010
(Continued)

(12) Pension Plan

Police employees of the Town are members of Municipal Police Employee's Retirement System of Louisiana. This is a statewide retirement system. This system is a cost-sharing, multiple-employer, defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 13.75 percent of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town contributions to the System for the years ending June 30, 2010, 2009, and 2008 were \$42,594, \$33,633 and \$49,913, respectively, equal to the required contributions for each year.

(13) Deferred Compensation Plan

During the year ended June 30, 1999, the Town implemented a 457 Deferred Compensation Plan. The amounts contributed by the Town during the years ended June 30, 2010, 2009, and 2008 were \$1,500, \$1,440 and \$1,440, respectively.

(14) Other Postemployment Benefits

The Town provides no other postemployment benefits to its employees.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Notes to Financial Statements
June 30, 2010
(Continued)

(15) Interfund Transfers

Interfund transfers for the year ended June 30, 2010 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General	\$ 545,463	\$ 525,838
Sales Tax	-	585,173
Proprietary Funds:		
Water	472,166	8,567
Sewer	121,843	21,894
	<u>\$ 1,139,472</u>	<u>\$ 1,139,472</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Also, the Town transferred capital assets between funds.

(16) Commitments

The Town has commitments for signed engineering and construction contracts of approximately \$892,750 relating to various construction projects. As of June 30, 2010, the balance remaining on these contracts was approximately \$747,350.

(17) Contingency

The Town is a defendant in two lawsuits. Management believes that the ultimate resolution of the lawsuits will not have a significant effect on the Town's financial position or results of operations.

(18) Subsequent Events

Subsequent events have been evaluated through January 14, 2011, the date the financial statements were available to be issued.

Town of Greenwood
Greenwood, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 205,000	\$ 205,000	\$ 203,287	\$ (1,713)
Franchise taxes	74,600	61,000	76,434	15,434
Licenses and permits	114,400	118,786	136,003	17,217
Gaming taxes	350,000	200,000	210,981	10,981
Intergovernmental revenues	5,000	5,000	22,655	17,655
Fines and forfeitures	345,000	345,000	362,389	17,389
Investment earnings	20,000	6,000	7,243	1,243
Miscellaneous	24,500	26,730	30,582	3,852
Total revenues	1,138,500	987,516	1,049,574	82,058
Expenditures:				
Current:				
General government	525,700	512,773	520,747	(7,974)
Public safety	778,035	784,035	748,954	35,081
Capital outlay	60,000	235,000	68,999	186,001
Total expenditures	1,363,735	1,531,808	1,338,700	193,108
Excess (deficiency) of revenues over expenditures	(225,235)	(564,292)	(289,126)	275,166
Other financing sources (uses):				
Transfers in	250,000	300,000	545,463	245,463
Transfers out	(300,000)	(364,500)	(525,838)	(161,338)
Total other financing sources (uses)	(50,000)	(64,500)	19,625	84,125
Excess (deficiency) of revenues and other sources over expenditures and other uses	(275,235)	(628,792)	(269,501)	359,291
Fund balances at beginning of year	1,426,906	1,471,000	1,471,423	
Fund balances at end of year	\$ 1,151,671	\$ 842,208	\$ 1,201,922	\$ 359,291

See accompanying note to the required supplementary schedule.

Town of Greenwood
Greenwood, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Sales Tax Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
Sales tax	\$ 370,000	\$ 370,000	\$ 380,569	\$ 10,569
Investment earnings	21,000	2,000	4,723	2,723
Total revenues	<u>391,000</u>	<u>372,000</u>	<u>385,292</u>	<u>13,292</u>
Expenditures:				
Current:				
Public works	4,000	4,000	4,698	(698)
Total expenditures	<u>4,000</u>	<u>4,000</u>	<u>4,696</u>	<u>(696)</u>
Excess (deficiency) of revenues over expenditures	387,000	368,000	380,596	12,596
Other financing sources (uses):				
Transfers out	(350,000)	(350,000)	(585,173)	(235,173)
Total other financing sources (uses)	<u>(350,000)</u>	<u>(350,000)</u>	<u>(585,173)</u>	<u>(235,173)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	37,000	18,000	(204,577)	(222,577)
Fund balances at beginning of year	710,052	748,816	748,816	
Fund balances at end of year	<u>\$ 747,052</u>	<u>\$ 766,816</u>	<u>\$ 544,239</u>	<u>\$ (222,577)</u>

See accompanying note to the required supplementary schedule.

Town of Greenwood
Greenwood, Louisiana
Notes to Required Supplementary Information
June 30, 2010

The Town's budget is adopted on a cash basis for all funds. There was one amendment to the 2010 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>	<u>Sales Tax Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$(269,501)	\$(204,577)
Adjustments:		
Revenue accruals – net	28,366	(2,393)
Expenditure accruals – net	<u>(881)</u>	<u>—</u>
Excess of revenues and other sources over expenditures and other uses (GAAP) basis	<u>\$(242,016)</u>	<u>\$(202,184)</u>

Town of Greenwood
Greenwood, Louisiana
Schedule of Compensation Paid to Board Members
For the Year Ended June 30, 2010

Mayor - David Hanson, Salary and Allowance	\$ 18,000
--	-----------

Alderman:

Gary Cook	3,000
Doug Ebey	250
Heidi Naquin	2,750
Jewel Jaudon	3,000
Brad Edwardes	3,000
Frank Stawasz	3,000
	<hr/>
	\$ 33,000
	<hr/>

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed In Accordance With Government Auditing Standards

The Honorable David Hanson, Mayor
and Members of the Town Council
Town of Greenwood
Greenwood, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Greenwood, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the Town of Greenwood, Louisiana's basic financial statements and have issued our report thereon dated January 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Greenwood, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Greenwood, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Greenwood, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of current year audit findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Town of Greenwood's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of current year audit findings as items 2010-3 and 2010-4 to be material weaknesses.

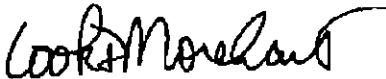
A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of current year audit findings as items 2010-2 and 2010-5 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Greenwood, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are describe in the accompanying schedule of current year audit findings as items 2010-1 and 2010-6.

Town of Greenwood's response to the findings identified in our audit is described in the accompanying Summary Schedule of Current Audit Findings for the Louisiana Legislative Auditor. We did not audit the Town of Greenwood's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
January 14, 2011

Town of Greenwood
Greenwood, Louisiana
Summary Schedule of Prior Audit Findings for the Louisiana Legislative Auditor
June 30, 2010

There were three findings in the prior year audit for the year ended June 30, 2009, as follows:

Finding #2009-1 – Reserve Account on Water Fund and Sewer Fund Debt Issues

Condition: The Town's debt agreements for water and sewer revenue bonds require that the Town maintain and transfer amounts into certain sinking and reserve accounts. As of June 30, 2009, the required amounts had not been transferred into those accounts. The Town's debt payments were made timely during the year.

Current Status: See repeat finding in current year audit.

Finding #2009-2 – Financial Statement Preparation

Condition: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Town's annual financial statements. This condition is intentional by management based upon the Town's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.

Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Current Status: See repeat comment in current year audit.

Finding #2009-3 – Traffic Tickets

Deficiency: There is not an adequate tracking system in place for ticket books issued to police officers to ensure that all tickets are properly accounted for. In addition, we noted that the ticket tracker software used for tracking tickets issued and subsequent collections allows for ticket amounts to be altered or deleted without providing an audit trail of such changes.

Current Status: Some improvement noted. See repeat finding in current year audit.

Town of Greenwood
Greenwood, Louisiana
Summary Schedule of Current Audit Findings for the Louisiana Legislative Auditor
June 30, 2010

Finding #2010-1 – Reserve Account on Water Fund and Sewer Fund Debt Issues

Criteria: The Town's debt agreements for water and sewer revenue bonds require that the Town maintain and transfer amounts into certain sinking and contingency accounts.

Finding: As of June 30, 2010, the required amounts had not been transferred into those accounts. The Town's debt payments were made timely during the year.

Cause: The Town did not have controls in place for ensuring that the required transfers were made each month.

Effect: The Town was not in compliance with the terms of its debt agreements.

Recommendation: We recommend that the Town transfer the required amounts each month into the sinking and contingency accounts, as per the debt agreements.

Management's Response: Sewer bond requirements are fully funded through January 2011 and Water bond reserve requirements will be funded by March 1, 2011.

Finding #2010-2 – Financial Statement Preparation

Significant Deficiency: Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles. As part of the audit, management requested us to prepare a draft of your financial statements, including the related notes to financial statements. This condition is intentional by management based upon the agency's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance.

Recommendation: Whether or not it would be cost effective to cure a control deficiency is not a factor in applying Statement on Auditing Standards (SAS) 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management's Response: We concur with the audit finding and recommendations.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Summary Schedule of Current Audit Findings for the Louisiana Legislative Auditor
June 30, 2010
(Continued)

Finding #2010-3 – Traffic Tickets

Criteria: Internal controls should be in place to adequately account for traffic tickets issued and collected.

Material Weakness: During our audit, we noted that procedures which were originally in place over traffic ticket activity were not being followed. Traffic ticket collections were not being reconciled to the daily work and general ledger on a monthly basis.

Cause: During the year, the Town had turnover in personnel and these reconciliation procedures were not re-assigned to other personnel.

Effect: A lack of controls were in place to adequately account for traffic tickets being collected by the Town.

Recommendation: We recommend that the Town have the appropriate employee reconcile the traffic ticket revenue recorded in the general ledger with reports generated by the ticket tracker software. Also, the daily work generated by the software should be reconciled to the actual deposits made.

Management's Response: Procedures have been implemented which consist of the Deputy Town Clerk reconciling ticket tracker collections and adjustments on a daily basis to the general ledger as well as the daily deposit which is made.

Finding #2010-4 – Water Sewer Collections

Criteria: Internal controls should be in place to adequately account for water and sewer accounts receivable and customer deposit collections.

Material Weakness: During our audit, we noted that procedures which were originally in place over water and sewer activity were not being followed. Water and sewer accounts receivable, including billing adjustments, and customer deposit collections were not being reconciled to the daily work and general ledger on a monthly basis.

Cause: During the year, the Town had turnover in personnel and these reconciliation procedures were not re-assigned to other personnel.

Effect: A lack of controls were in place to adequately account for accounts receivable and customer deposits being collected by the Town.

Recommendation: We recommend that the Town have the appropriate employee reconcile the water and sewer accounts receivable and customer deposits recorded in the general ledger with reports generated by the billing software. Also, the daily work generated by the billing software should be reconciled to the actual deposits made by the appropriate Town employee.

Management's Response: Procedures will be implemented immediately which consist of the Deputy Town Clerk reconciling on a daily basis the Accounts Receivable and Customer Deposits which are recorded on the General Ledger each day. Also, will continue to perform the newly implemented procedure which ensures the correct amount was deposited into proper account and into the bank each day.

(Continued)

Town of Greenwood
Greenwood, Louisiana
Summary Schedule of Current Audit Findings for the Louisiana Legislative Auditor
June 30, 2010
(Continued)

Finding #2010-5 – Interagency Accounts

Criteria: Internal controls should be in place to properly account for interfund activity and transfers made between the various funds of the Town.

Significant Deficiency: The Town's Interfund activity accounts were not reconciled and posted properly during the year.

Cause: The Town was not consistent in how it recorded transfers and interfund activity during the year.

Effect: Significant audit entries were required to correct interfund activity on the general ledger.

Recommendation: We recommend that interfund activity and transfers between funds be posted consistently and reconciled on a monthly basis.

Management's Response: Concur with the audit finding and recommendations. The Town will properly identify and post consistently "Transfers" in lieu of "Due to and Due from". These transactions will be reconciled on a monthly basis.

Finding #2010-6 – Budget

Criteria: Budget requirements are set forth in the Louisiana Local Government Budget Act.

Finding: The Town did not appropriately amend the budget for the Sales Tax fund during the year. Actual expenditures and other uses exceeded budgeted expenditures and other uses by more than 5% for the year.

Cause: Journal entries made to correct the postings of the Interfund activity and transfer accounts caused the budgeted amounts to be exceeded.

Effect: The Town was not in compliance with the Local Government Budget Act.

Recommendation: We recommend that the Town properly monitor its budgets during the year and have controls in place to ensure that the amounts recorded in the general ledger are correct.

Management's Response: For fiscal year ending June 30, 2011, the Town appropriately budgeted and approved Revenue from the Sales Tax Fund to be used for operating purposes in the General Fund. Therefore, allowing the Town to be in compliance with the Local Government Budget Act.